



Research

TRADE IN BLACK SEA COUNTRIES

Black Sea
Bulletin

Issue 10

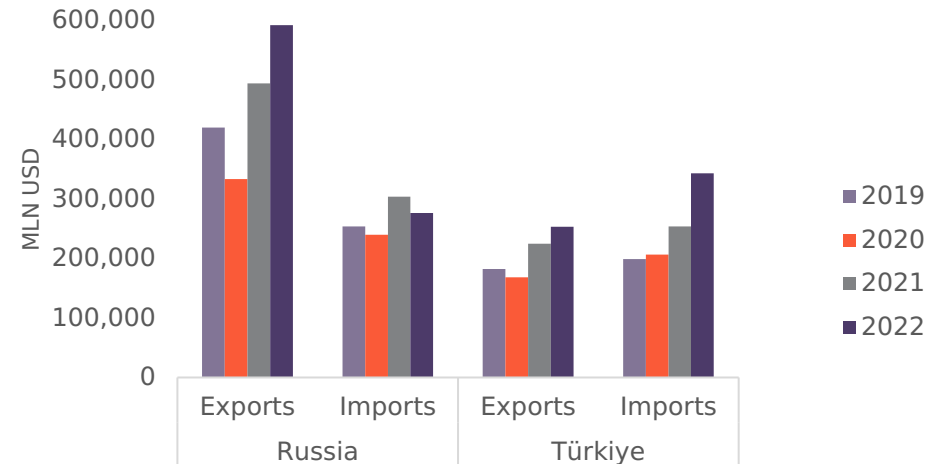
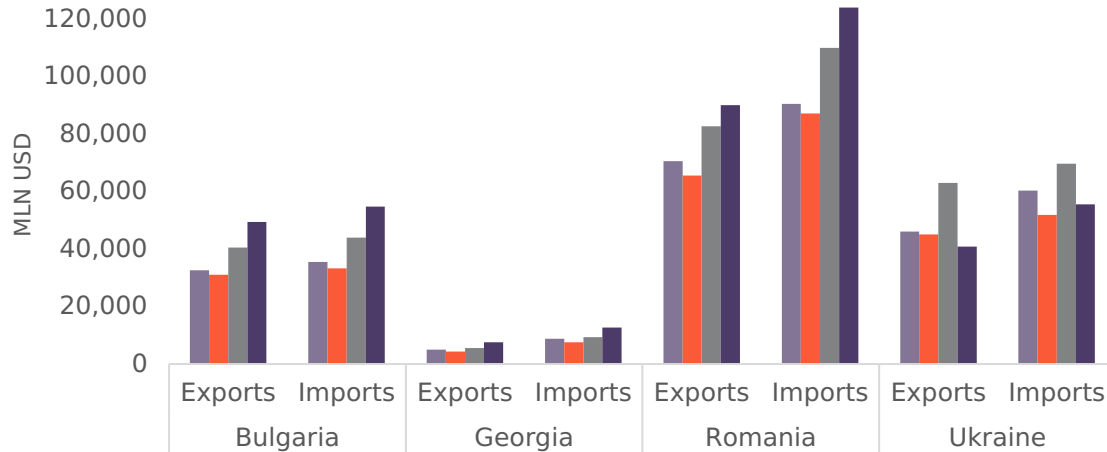
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- ❖ The Black Sea holds significant trade importance due to its strategic geographic location, serving as a bridge between Europe and Asia. Of similar importance are the six countries surrounding the Black Sea, namely Bulgaria, Georgia, Romania, Russia, Türkiye, and Ukraine. They all have access to vital trade routes, making the region a critical link in the global trade network. The Black Sea region's potential to serve as a crucial trade corridor is also important in the context of seeking alternative routes that bypass Russia, an endeavor which has become especially pressing since Russia launched its war on Ukraine in February 2022.
- ❖ With this context in mind, it is important to analyze intra-Black Sea countries' trade, to identify the patterns and volumes of goods exchanged among these countries, and to determine the dynamics of regional economic cooperation and transportation networks. Currently, Black Sea countries are enhancing their trade relations through a number of regional and international trade agreements. Additional opportunities are expected with the recent developments regarding the EU accession prospects of two Black Sea countries – Ukraine and Georgia – both of which applied for EU membership in early 2022.
- ❖ This bulletin starts with an analysis of external trade in goods of Black Sea countries. This includes trends in external imports, exports, and trade balances, as well as an overview of international trade agreements and the main trading partners of Black Sea countries. Meanwhile, the subsequent chapter discusses some of the key recent developments that have created both challenges and opportunities with respect to the development of external and internal trade in the Black Sea region. The closing remarks summarize the main challenges and opportunities arising in the context of the Russo-Ukrainian war in the region.

For detailed analysis, please refer to the full publication: [Trade in Black Sea Countries](#)

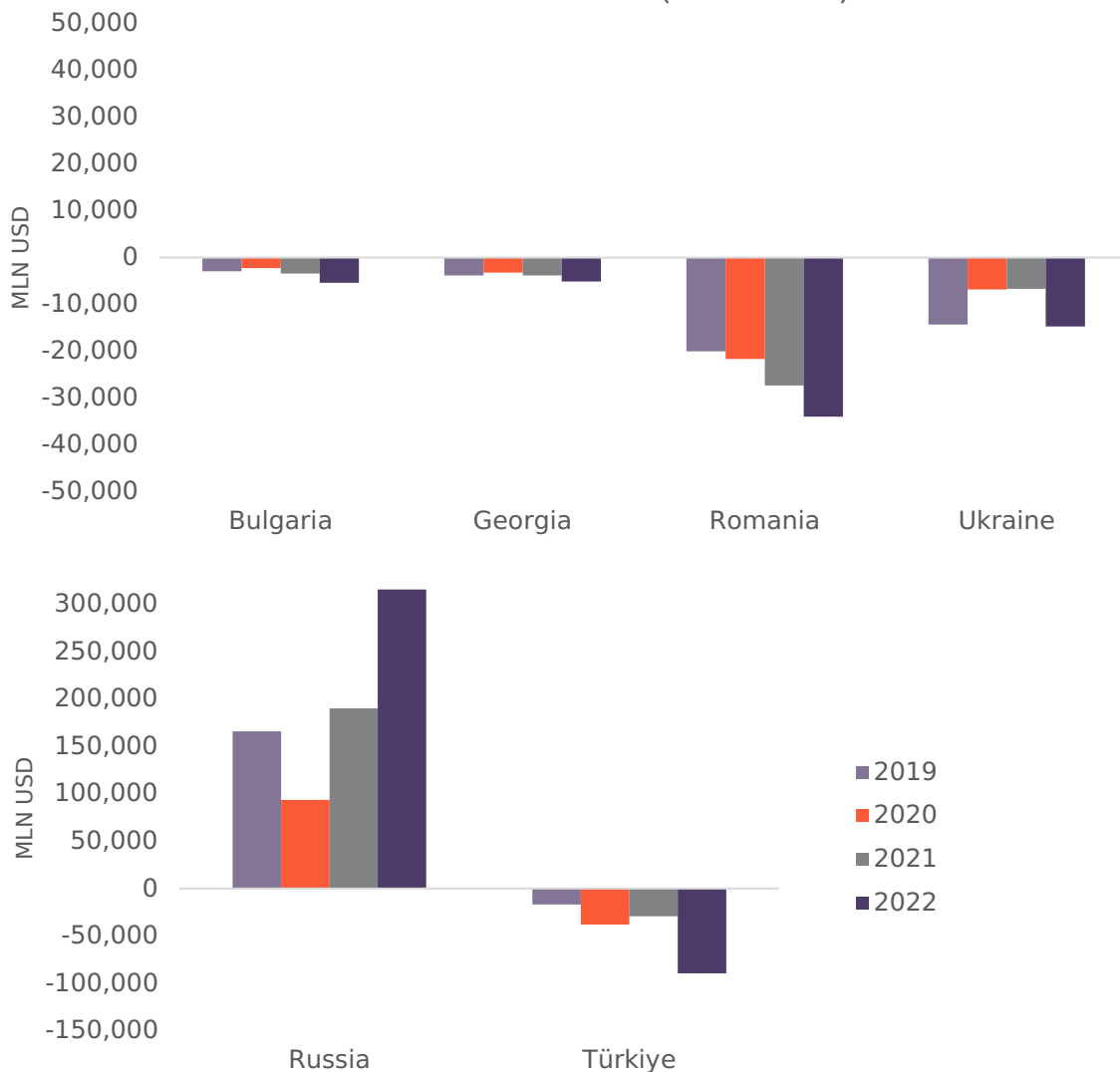
Exports and Imports of Goods in Black Sea Countries (2019-2022)



Source: Central banks of the respective countries

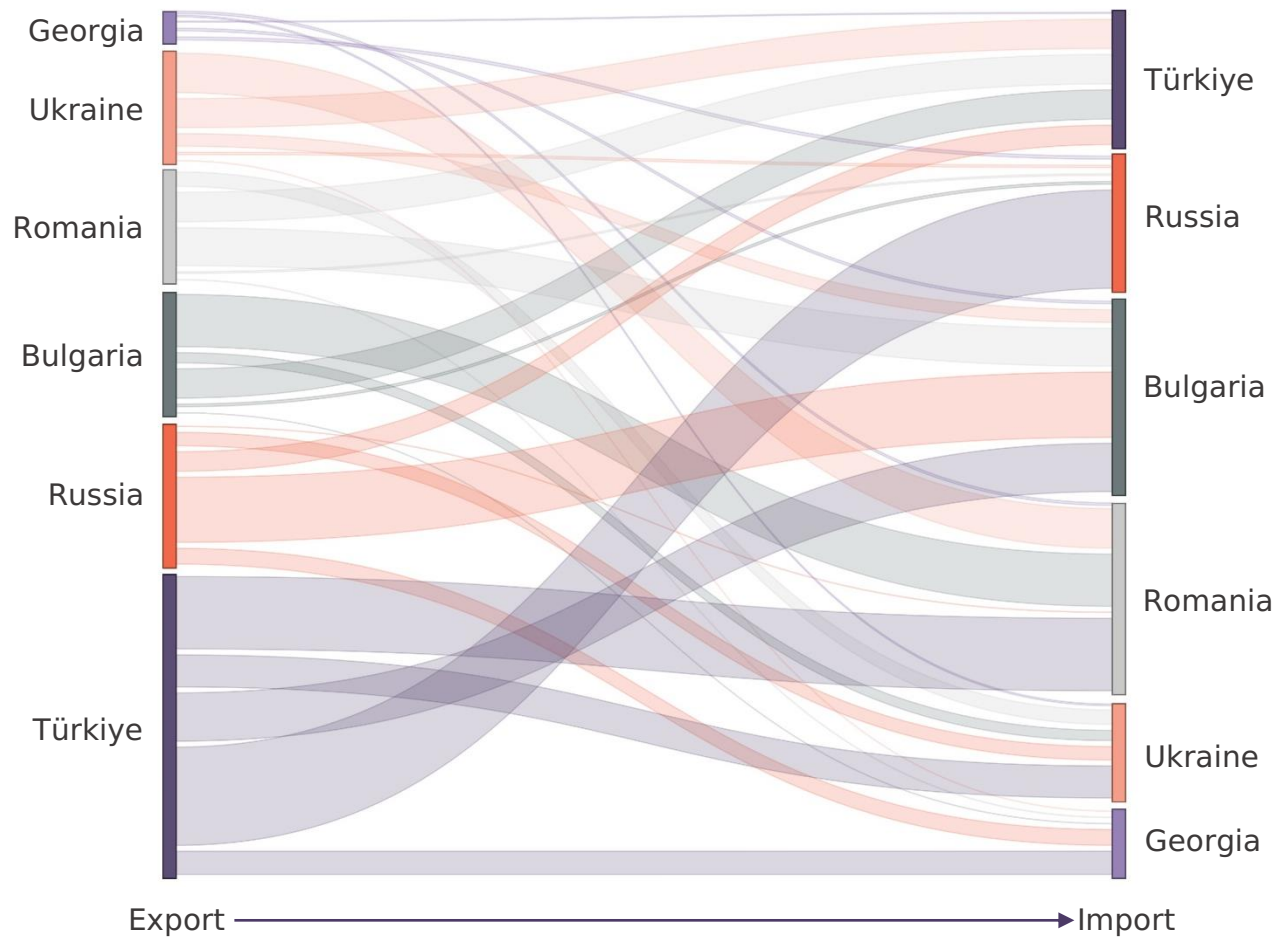
- ❖ Looking at the exports and imports of goods of Black Sea countries, **Russia has the highest trade volume in the region, while Georgia has the lowest.** Throughout the analyzed period (2019-2022), all countries experienced a decline in trade in 2020, compared to the previous year (except for imports in Türkiye, which saw a YoY increase of 3.7% in 2020).
- ❖ **In 2021, exports and imports in all six countries recovered, surpassing pre-pandemic levels.** In 2022, Bulgaria, Georgia, Romania, and Türkiye sustained trade growth. However, Ukraine, amidst the war starting in February 2022, faced a substantial decline with exports and imports dropping YoY by 35.2% and 20.4% respectively. In Russia, imports declined by 9.0%, while exports increased by 19.8%.
- ❖ **In 2022, Georgia experienced the highest growth compared to other countries in the region** both in exports (YoY 36.0%) and imports (YoY 35.5%) which is attributed to Russia's war on Ukraine. The war led to the redirection of transport routes away from the countries involved in the conflict, with Georgia emerging as an alternative transit route, increasing the demand for transport and logistics services in the country.

Trade Balances in Goods (2019-2022)



- ❖ Russia is the only country in the Black Sea region with a positive trade balance. In 2022, Russia's trade surplus considerably increased (YoY 165.8%) and reached USD 315.6 billion. **Russia's trade surplus in 2022 cannot be interpreted as a sign of economic strength, but rather as a temporary consequence of the war.** Russia's increase in exports over this period was related to increased revenues from fossil fuel exports resulting from higher prices, much of which were used to finance the war, rather than boosting the national economy. At the same time, falling Russian imports can be explained by a decline in the imports of sanctioned goods.
- ❖ **In the analyzed period, all of the other five countries in the region have experienced a trade deficit.** The highest trade deficit here is recorded in Türkiye, which also reports the second-highest volumes of imports and exports in the region. In 2022, the trade deficit in Türkiye amounted to USD 89.6 billion, which was about triple the size of the country's trade deficit in 2021. Elsewhere, the trade deficit considerably deepened in Ukraine, reaching USD 14.6 billion in 2022.

Dynamics of Exports and Imports Among Black Sea Countries (2022)



Source: Trade Map

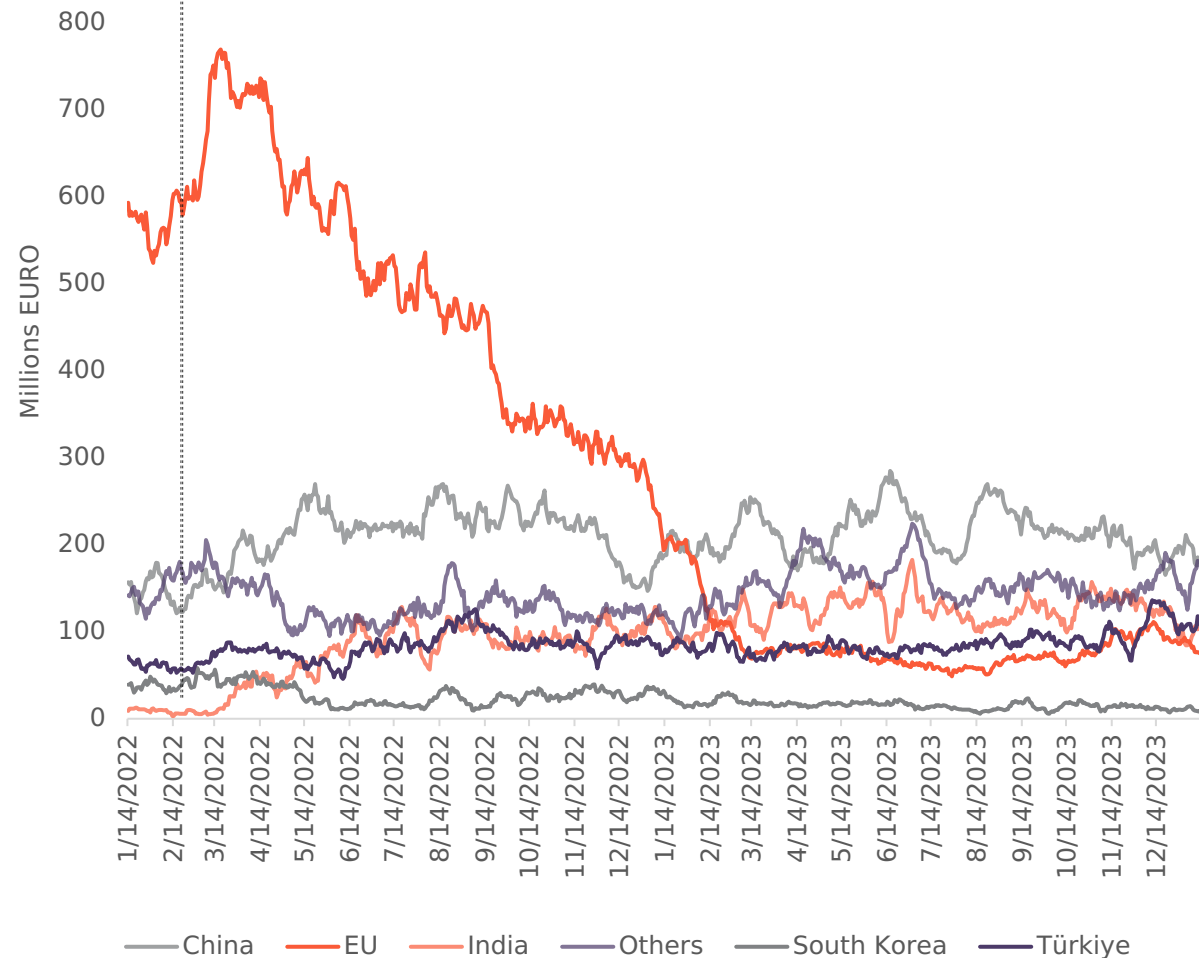
- ❖ **Analyzing intra-regional trade exclusively, in 2022, Türkiye was the leading exporter, with a total export value of USD 26.6 billion.** Meanwhile, Bulgaria was the top importer of goods from the Black Sea region, with a total import value of USD 16.7 billion. Among the Black Sea countries, Türkiye, Ukraine, and Russia maintain positive trade balances with the rest of the region. Consequently, the trade balances of Georgia, Bulgaria, and Romania are all negative.
- ❖ **Evidently, Türkiye-Russia and Russia-Bulgaria are the most pronounced trade partnerships within the Black Sea region.** Türkiye's biggest share of exports among Black Sea countries is directed to Russia, and, correspondingly, Russia's largest share of imports in the region is from Türkiye. The trade dynamics between Russia and Bulgaria are similar.
- ❖ **Within the Black Sea region, Georgia is the country most dependent on trade with its counterparts.** Notably, Georgia's exports to Black Sea countries constitute 40% of the country's total exports, while 49.3% of imports to Georgia come from the Black Sea region. In terms of regional trade dependency, Georgia is followed by Bulgaria, Ukraine, and Romania. Meanwhile, Türkiye and Russia have comparatively low reliance on Black Sea trade and are more integrated into global value chains.

Black Sea Country	Trade Agreements
Bulgaria	Trade agreements negotiated by the EU
Georgia	The EU, European Free Trade Association (EFTA), Commonwealth of Independent States (CIS), Russia, Azerbaijan, Armenia, Ukraine, Moldova, Kazakhstan, Uzbekistan, Turkmenistan, Türkiye, the United Arab Emirates (UAE)
Romania	Trade agreements negotiated by the EU
Russia	Armenia, Belarus, Kazakhstan, Kyrgyzstan, Iran, Vietnam, China, Serbia, Singapore
Türkiye	The EFTA, Israel, North Macedonia, Bosnia-Herzegovina, Palestine, Tunisia, Morocco, Egypt, Albania, Georgia, Montenegro, Serbia, Chile, Mauritius, South Korea, Malaysia, Moldova, Faroe Islands, Singapore, Kosovo, Venezuela, the UK, the UAE
Ukraine	The EU, EFTA, the CIS, Montenegro, North Macedonia, Georgia, Azerbaijan, Uzbekistan, Tajikistan, Turkmenistan

Black Sea Country	Top 5 Trading Partners in 2022
Bulgaria	Germany, Romania , Italy, Greece, Türkiye
Georgia	China, Russia , Bulgaria , Türkiye , US
Romania	Germany, Italy, Hungary, France, Bulgaria
Russia	China, Netherlands, Germany, Türkiye , Belarus
Türkiye	Germany, US, Iraq, UK, Italy
Ukraine	Poland, Romania , Türkiye , China, Hungary

Impact of the Russo-Ukrainian War on Trade: *Trade-related sanctions on Russia*

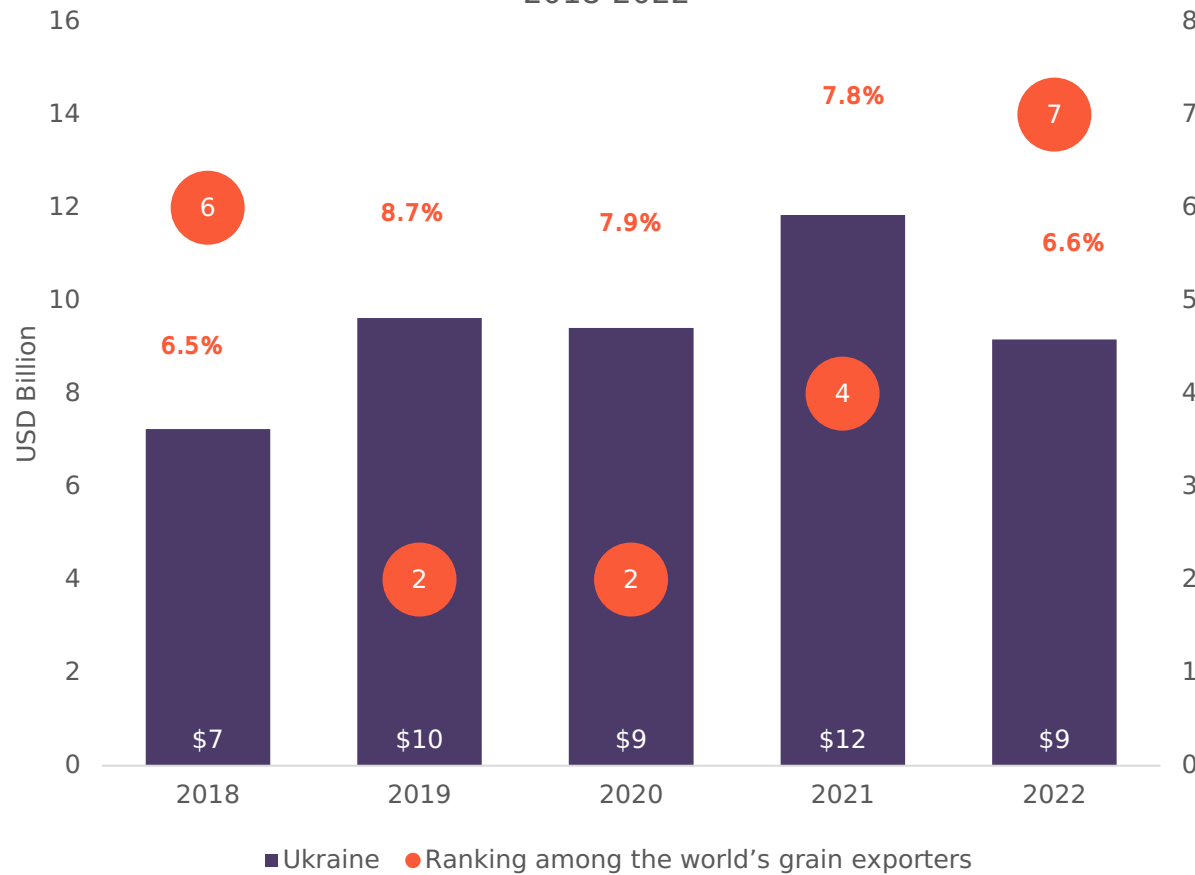
Top Importers of Russian Fossil Fuels (February 2022 – January 2024)



Source: Centre for Research on Energy and Clean Air (CREA)

- ❖ Russia's military invasion of Ukraine has been an important date in terms of changing the trade dynamics in Black Sea region. The most obvious developments include economic and trade sanctions that many countries around the globe have imposed on Russia, including Black Sea countries, and trade challenges faced by Ukraine due to the severity of ongoing war and blockade of Ukrainian seaports.
- ❖ **The leader when it comes to imposing sanctions on Russia has been the EU.** Notably, Russia was an important trading partner to the EU. However, since the invasion, the EU has introduced a series of trade-related restrictive measures on Russia. Between February 2022 and September 2023, the value of Russia's imports from the EU fell by 81%, while **exports from Russia to the EU fell by 62%** in this period.
- ❖ Despite a rapid decline in the EU's imports of Russian fossil fuels since March 2022, the EU still stands among the major importers as of January 2024. At the same time, **the value of exports of Russian fossil fuels to China and India have considerably increased since the war** and both countries have surpassed the EU to become the two largest importers of Russian fossil fuels. Meanwhile, exports to Türkiye have remained relatively stable since February 2022. In recent months, the value of such Russian exports to Turkey have grown compared to exports to the EU.

Ukraine Grain Exports (Volume and Share in Total World Grain Exports, and Ranking Among the World's Grain Exporters), 2018-2022



Source: Trade Map

- ❖ After the full-scale invasion of Ukraine in late February 2022 and **the blockade of Ukraine's Black Sea ports by Russia, exports of all major grains out of Ukraine dropped substantially for almost five months.** This prompted an outcry from developing nations, such as Egypt and Lebanon, that are dependent on Black Sea food and fertilizer to feed their populations. Moreover, these developments had a global impact on food prices, further pushing inflationary pressures which were already high amid the COVID-19 pandemic.
- ❖ As a result, in late July 2022, **the Black Sea Grain Initiative (BSGI) was signed between Russia and Ukraine, led by the United Nations and Türkiye.** The BSGI facilitated the resumption of Ukraine's use of its Black Sea ports of Chornomorsk, Odesa, and Pivdennyi. The corresponding agreement, which was in place from July 2022 to July 2023, allowed Ukraine to maintain grain exports during 2022 and for the first half of 2023.
- ❖ **In July 2023, after its demand that sanctions be lifted on its grain and fertilizer exports was not met, the BSGI collapsed as Russia removed itself.** After the BSGI fell apart, Ukraine adopted new routes on the Danube and transit routes through the EU. Ukraine also developed a maritime corridor for cargo vessels across the western Black Sea coast near Romania and Bulgaria. As it has been reported by Ukrainian officials, so far Ukraine's shipping scheme which has replaced BSGI has been successful.

Top 10 Importers of Ukraine's Grain in 2021 and 2022 (in 1,000 USD)

Importers	2021	Importers	2022
China	2,552,514	Romania	1,277,323
Egypt	1,386,442	China	1,106,840
Türkiye	918,330	Spain	983,545
Indonesia	749,760	Türkiye	870,768
Spain	644,883	Poland	645,978
Netherlands	552,241	Egypt	536,492
Iran	533,326	Italy	405,496
Pakistan	354,830	Hungary	401,221
Libya	341,608	Netherlands	338,870
Tunisia	306,103	Korea	189,377

Source: Trade Map

- ❖ **Prior to the war, seven of the top 10 destination markets for Ukrainian grain exports in 2021 were located in Asia and North Africa.** However, the picture changed after the beginning of the war in 2022, as the same list included more EU member states. Romania, Poland, and Hungary saw particularly large increases in their ranking with regard to imports of grain from Ukraine, while Indonesia, Iran, Pakistan, Morocco, and Tunisia dropped out of the top 10, as the flow of Ukrainian exports via maritime trade was severely disrupted.
- ❖ **The shift in the primary importers of Ukrainian grain is linked to temporary measures implemented by the EU to support Ukrainian exports.** In 2022, Ukraine's exports to the EU reached €27.6 billion, a notable increase of over 15% from the previous year. Consequently, Ukraine surpassed the US as the third-largest source of EU agrifood imports in 2022. Meanwhile, Ukraine's imports from the EU amounted to €30.1 billion in 2022, marking a 6.5% increase compared to 2021.
- ❖ **The Black Sea Grain Initiative (BSGI) collapsed in July 2023.** Consequently, Ukraine's grain exports have declined by 26.7%, reaching 13.4 million tons since the start of the 2023/2024 agricultural season as of December 4, 2023. As of January 2024, Ukraine still lacks a deal to export its globally significant grain products through the Black Sea.

- ❖ The war in Ukraine has significantly altered trade dynamics in the Black Sea region. It has created security challenges and increased tensions between countries. On the other hand, it has also unlocked opportunities to utilize the potential of the Black Sea as a strategic location and international transport route.
- ❖ Key developments include economic and trade sanctions imposed on Russia by many countries globally, including those in the Black Sea region; trade challenges faced by Ukraine due to the severity of the ongoing war and blockade of Ukrainian seaports; and acceleration of the pace of EU accession for Ukraine and Georgia due to the conflict and escalated tensions between the EU and Russia.
- ❖ Initiatives such as the Black Sea energy submarine cable project and the development of the Anaklia deep water seaport in Georgia have gained momentum since the war, highlighting the region's transit role as part of the Middle Corridor.
- ❖ Western states and organizations should pledge to ensure stability and development in the Black Sea region, including by providing security guarantees that protect trade and allocating financial resources to integrate the wider Black Sea region into the political, economic, and infrastructural domains of the European Union.
- ❖ Enhanced collaboration among Black Sea countries, with one notable exception, is essential for the successful development of trade routes passing through the Black Sea.

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